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Syria

Grain and Feed

Voluntary Report

2007

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Report Highlights:

The wheat crop was affected by rain shortage in spring of 2007, followed by heavy rains in May, which affected the quantity as well as the quality of the crop. In spite the lower domestic supplies, Syria will fulfill its export contract with Egypt, and will continue to export 50,000 tons to Jordan, and a similar quantity to Yemen. The barley crop was also badly affected by the drought.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Voluntary Report
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Executive Summary

Wheat

Wheat production in 2007/08 is estimated by the General Establishment for Cereal Processing and Trade (HOBBOB) at 4.0 million tons. Consumption is growing due primarily to the influx of Iraqi refugees. HOBBOB bought 1,550,000 tons of the local crop in 2007 as compared to 3.2 million tons in 2006. Exports are forecast to be significantly below plans due to the small crop and the record low purchases by HOBBOB from the local crop. In spite of that, Syria will fulfill its contract to export 700,000 tons to Egypt, and will export 50,000 tons to Jordan, and 50,000 tons to Yemen. Egypt is the main destination for Syrian wheat exports and Jordan ranks second. Imports remain relatively stable at about 200,000 tons per year. While HOBBOB targets to maintain a one-year consumption requirement to eliminate the need for imports in case of a bad crop year, stocks will be drawn down below that level in 2006/07 due to record exports in 2006/07 and small crop in 2007/08.

Barley

Barley production was badly affected by the drought. Imports are forecast to grow as the dry weather is expected to limit domestic fodder supplies, prompting increased barley imports to make up for the shortage. Most of the imported barley comes from Ukraine and Russia.

Wheat

PSD Table Syria Wheat							
	2005	Revised	2006	Estimate	2007	Forecast	UOM
	USDA Official	Post Estimate [New]	USDA Official	Post Estimate[New]	USDA Official	Post Estimate [New]	
Market Year Begin		07/2005		07/2006		07/2007	MM/YYYY
Area Harvested	1700	1700	1700	1700	1700	1700	(1000 HA)
Beginning Stocks	5252	4900	5483	5100	4033	3650	(1000 MT)
Production	4700	4700	4200	4200	4000	4000	(1000 MT)
MY Imports	231	200	200	200	200	200	(1000 MT)
TY Imports	231	200	200	200	200	200	(1000 MT)
TY Imp. from U.S.	0	0	0	0	0	0	(1000 MT)
Total Supply	10183	9800	9883	9500	8233	7850	(1000 MT)
MY Exports	600	600	1500	1500	800	700	(1000 MT)
TY Exports	600	600	1500	1500	800	700	(1000 MT)
Feed Consumption	300	300	300	300	300	300	(1000 MT)
FSI Consumption	3800	3800	4050	4050	4200	4400	(1000 MT)
Total Consumption	4100	4100	4350	4350	4500	4700	(1000 MT)
Ending Stocks	5483	5100	4033	3650	2933	2450	(1000 MT)
Total Distribution	10183	9800	9883	9500	8233	7850	(1000 MT)

Wheat production in 2007/08 is estimated by the General Establishment for Cereal Processing and Trade at 4.0 million tons, down compared to the previous estimate due to a shortage of rain during the growing season. Area is relatively constant at 1.7 million hectares. The General Establishment for Cereal Processing and Trade (HOBBOB) bought about 1,550,000 tons from the 2007/08 crop. Rainfall during the last part of the growing season in May 2007 affected the quality of the produced wheat. HOBBOB refrained from buying some of the produced quantities due to the presence of a smut problem at the lower tip of the grain. Private traders managed to buy the produced quantities, knowing that the price of barley is higher than that of wheat in the local market. A part of the crop may be used to replace barley as animal feed due to the price factor and due to the smut problem.

Consumption

Consumption is growing over the expected level due to the presence of 1.5 million Iraqi refugees in the country. They represent 8 percent of the population and may increase within a few months to about 10 percent. Increase in demand will be boosted if the wheat is used to replace barley as animal feed due to higher barley prices in the local market. Wheat used to be mainly used for milling into flour for bread production. Smaller quantities are used for bulgur production, and lower quality wheat is used for animal feeding. Available milling capacity greatly exceeds the milling requirement for the country.

Trade

Exports are forecast to drop to 700,000 tons in 2007/08 due to the small crop and the limited quantities bought by HOBOOB from the local 2007/2008 crop. Egypt and Jordan will continue to be the major destinations for Syrian wheat. Syria has a barter agreement with Egypt to trade 700,000 tons of wheat for 150,000 tons of Egyptian rice. Reportedly, HOBOOB exported the majority of the quantities contracted for with Egypt and about 50 percent of the quantity contracted for with Jordan and has unfulfilled contracts with Italy, and Tunisia. According to press reports, highest authorities decided to fulfill the contract with Egypt by exporting the balance of 176,000 MT, as well as 50,000 MT to Jordan, and 50,000 MT to Yemen. Private Syrian millers export some quantities of flour to Iraq.

Imports remain relatively stable at about 200,000 tons per year, all by the private sector, to make use of the surplus milling capacity and export significant quantities to neighboring countries, mainly Iraq. Most imports are from Eastern Europe due to the relatively cheaper wheat prices compared to local wheat prices, and due to lower freight cost from the Black Sea area as compared to other origins. No U.S. wheat is expected to be imported, as landed prices tend to favor sourcing from Eastern Europe and the Black Sea Region. Syria also imports limited quantities of flour, mainly from Turkey (6880 tons in 2005). Detailed trade data for 2006 are not yet available.

Stocks

Most wheat stocks are held by HOBOOB, which seeks to keep stocks (as a national reserve) at levels close to 4 million metric tons, more than Syria's annual milling requirement. The private sector maintains some stocks for its use and for seeding the next crop. While HOBOOB targets to maintain this large quantity to eliminate the need for imports in case of a bad crop year, stocks will be drawn down to a level significantly below that of 2006/07 due to record export levels in 2006/07 and the limited crop of 2007. Stocks kept by HOBOOB are stored in concrete silos, metal silos, as well as in open storage facilities.

Policy

While HOBOOB has been the main player in the wheat market for the past 35 years, in 2007, the private traders have taken over a significant part of HOBOOB's monopoly over the wheat market in Syria. It is not clear yet if HOBOOB will be able to retain its former position in the future.

Customs duties on wheat imports are one percent. Syria will continue to rely on local wheat production and export any surplus after ensuring a national reserve. Permitting imports of wheat and flour for further processing is expected to continue in the future, albeit at a limited level. Syria plans to expand its concrete silo storage capacity by about 2 million metric tons during the coming five years. The GOS expects that these silos will be utilized to replace storage of wheat in jute bags in open storage facilities and will reduce grain storage losses. Concrete silos are owned and managed by the General Company for Silos, under the Ministry of Economy and Trade and are mainly used for storing wheat. The private sector has been permitted to establish silos. These silos will be used for storing imported grains, mainly corn, barley, and soybeans.

Marketing

Syria is forecast to remain self-sufficient in wheat production in the coming few years. Wheat and wheat flour imports by the private sector will be limited to relatively small quantities for pasta or for milling. Most of the imports come from nearby sources due to relatively cheap prices and low freight cost.

Barley

PSD Table Syria Barley (1000 MT)						
	2005	Revised	2006	Estimate	2007	Forecast
	USDA Official	Post Estimate [New]	USDA Official	Post Estimate [New]	USDA Official	Post Estimate [New]
Market Year Begin		07/2005		07/2006		07/2007
Area Harvested	900	900	1000	1000	1000	1000
Beginning Stocks	387	387	272	487	72	437
Production	700	750	700	700	700	700
MY Imports	685	800	500	800	600	1200
TY Imports	612	800	500	800	600	1200
TY Imp. from U.S.	0	0	0	0	0	0
Total Supply	1772	1937	1472	1987	1372	2337
MY Exports	50	0	50	0	50	0
TY Exports	50	0	50	0	50	0
Feed Consumption	1200	1200	1100	1300	1000	1600
FSI Consumption	250	250	250	250	250	250
Total Consumption	1450	1450	1350	1550	1250	1850
Ending Stocks	272	487	72	437	72	487
Total Distribution	1772	1937	1472	1987	1372	2337

The 2007/08 barley crop is estimated at approximately 700,000 tons. Planted area was reported at 1.3 million hectares. However, the drought that hit the crop in spring of 2007 reduced the crop, and some planted areas were abandoned for grazing. Barley production area is almost exclusively rainfed. Government entities did not purchase any quantity from the 2007/08 crop, due to the relatively small crop and to the low price offered by the General Organization for Fodder as compared to prevailing local market prices ranging from 12 SP/KG (USD 240/MT) of Ukrainian white barley to 14 SP/KG (280 USD/MT) of local black barley.

Consumption

In Syria, most barley is used for feeding sheep. The demand fluctuates from year to year depending on the availability of grass for sheep grazing. Demand increases during drought periods and during the winter months due to the lack of grass at that time. Syria normally requires about 1.5 – 1.8 million tons of barley per year for feed use and for planting next year's crop. Consumption is estimated to increase due to the lack of grasses in the Syrian steppe areas

and due to the delay in exports of the sheep to Saudi Arabia and other Gulf countries resulting from Saudi measures to ban imports of sheep through Jordan due to foot and mouth disease in Jordan. Exports by sea freight or airfreight are not feasible.

Trade

Imports in 2007/08 are forecast to increase to about 1.2 million tons as the dry conditions continue to erode the quality of grazing areas. Most imports are expected to continue to be sourced mainly from Eastern Europe due to lower prices in these countries and relatively low freight cost. No barley exports are expected.

Stocks

Beginning in 2005, the General Organization for Fodder (GOF) was granted responsibility for maintaining barely stocks. Since GOF was unable to buy any quantity of barley from the local crop, GOF is reportedly buying relatively small quantities of imported barley from traders to make up for the quantities that used to be purchased in the past from the local crop. The bulk of the stocks are now maintained by the private sector.

Marketing

Syrian importers rely on Eastern European sources for barley, mainly Ukraine, Russia, and Turkey. This is mainly due to the competitive landed prices as well as these sources' ability to ship small quantities (about 5,000 MT per shipment). Price considerations and freight cost have prevented Syrian importers from importing barley from the United States.